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had been distributed equally among the peasants, the main result would have been the equalization of poverty. It was obvious that redistribution of the national income and wealth could not, by itself, greatly improve the condition of the people. The surplus agricultural population which was estimated, on the basis of the system of cultivation prevailing in that area, to be about fifteen million persons had to be absorbed, and that was an insoluble problem. This problem was heightened by the fact that between 1919 and 1939 the natural increase of population in this area remained almost three times as high as that in the West.

Some alleviation of the situation was sought in the development of industries. However, industrialization was a long-term measure, and the expense only added to the peasants' burden. The fiscal policy of the Eastern European states was to accumulate the national capital necessary for industrialization by taxes, tariffs, and prices. No money, or very little, was left for the peasants.

II

It would be unjust, however, to say that nothing was done to improve the lot of the peasantry. The governments were well aware that the land reforms should be supplemented by economic measures such as agrarian credits, modern cooperatives, development of transport, cheaper farm machinery, technical education and training. A great deal was accomplished by these measures.

The supply of credit was particularly important to the peasants. The need for capital to begin operations and to finance certain family needs, especially the weddings of daughters, made borrowing necessary. As banks would not make advances, money had to come from moneylenders who charged very high rates of interest. Often, the moneylender was the middleman who bought the peasant's produce

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452 and supplied him with goods. Frequently he had a strong
185 and pernicious hold on the peasant.

Therefore, the cooperative movement began with the
474 foundation of credit societies which formed a very large
668 proportion of all cooperatives. Besides these, there were co-
656 operative societies which supplied agricultural needs such as tools and seeds, traded agricultural products, and processed all sorts of produce. In Bulgaria, Hungary, and Rumania the cooperative movements were state-controlled. In Czechoslovakia the movement was independent but favored by the state; in Poland, beginning with the economic depression of the 1930's it was state-supported and therefore dependent.

The cooperative problem was a difficult one. On the one hand, cooperation among economically weak peasants could not succeed unless there was some collaboration with, or help from, the central authorities. On the other hand, such a relationship between strong and weak tended to develop into state domination of the cooperative movement.

474 The administrators of the cooperatives sometimes abused
452 their prerogatives. They would occasionally grant government loans, not in response to genuine needs or because of commercial considerations, but with a view to the substantial number of votes which one cooperative society could guarantee at election time. In some instances, cooperatives served only well-to-do peasants because some governments were opposed to the social revolutionary ideology of the smaller peasants. In Rumania the cooperative societies were forced to assume the function of the tax collector. In Hungary the cooperatives belonged to the peasants in appearance only. In reality, they were capitalist enterprises and were not in peasant hands.

Except in Czechoslovakia, agricultural cooperation did not play any decisive role in the economic life of the peasantry, nor was it able to alleviate the existing adverse

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conditions. Credit was no real help unless the peasant had a reasonable expectation of being able to pay back what he had borrowed. In many cases this hope was negligible. A large proportion of the money which the peasants, particularly the small peasants, borrowed went to buy consumer goods. Thus, greater indebtedness did not point to a higher degree of investment, but to the extreme poverty of the small farm.

There was some state help for this situation, especially during the world-wide depression of the 1930's. In Bulgaria and Rumania agricultural debts were converted by government action. In 1934 some two hundred thousand Bulgarian peasants benefited by reductions in their debts and in the rate of interest and by a prolongation of the time allowed for settlement. In Rumania some two and one-half million peasants were assisted by similar legislation. Other measures, although not so far-reaching, were put into practice elsewhere in Eastern Europe to alleviate peasant indebtedness. But the credit problem was only mitigated, and not solved. The peasants' need for cash remained, and the lack of capital still prevented them from improving their farming techniques or increasing their earning capacity.

The governments promoted intensive cultivation of non-cereals. Grain production was not appropriate to an over-populated region, and a change to the production of livestock, livestock products, fruit, and vegetables was necessary. In Bulgaria and in some parts of Yugoslavia, intensive cultivation of garden crops, such as tobacco, tomatoes, wine, fruit, and roses was introduced. In Rumania, the cultivation of soya and other oil plants was introduced. These measures were, of course, just a beginning, and could not bring any substantial remedy.

Agriculture played the most important role of any single factor in all the Eastern European countries except Czechoslovakia. The largest part of the national incomes was de-